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REVIEW

OF

Dr. PRICE's WRITINGS,

ON THE SUBJECT OF THE

FINANCES of this KINGDOM:

TO WHICH ARE ADDED

The THREE PLANS communicated by him
to Mr. PITT in the Year 1786,

FOR

Redeeming the National Debt:

AND ALSO

AN ENQUIRY INTO THE REAL STATE OF THE
PUBLIC INCOME AND EXPENDITURE,

FROM

THE ESTABLISHMENT OF THE CONSOLIDATED FUND
TO THE YEAR 1791.

By WILLIAM MORGAN, F. R. S.

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P R E F A C E.

THE following Treatise has been written partly with the view of communicating to the Public the different plans which had been formed by Dr. *Price* for redeeming the national debt, in consequence of Mr. *Pitt's* having applied to him for his advice on this subject. One of these plans was adopted by the Legislature, and is now carrying into execution. The others, however, are neither diminished in value on this account, nor rendered less worthy of being preserved. They may possibly hereafter be preferred as the best guides, when it shall be determined to have recourse

recourse to strong and effectual measures, in lieu of that feeble and inefficient process which is now established: and even at this present time, the publication of them may be of some use, by enabling us to compare what *has* been done towards discharging the debts with what was *proposed* to have been done.

Having no particular interest to promote by this Work, I have been anxious only to serve the cause of truth and of gratitude, by endeavouring to give a fair account of the national income and expenditure, and to do justice to the memory of an invaluable Friend, who had long devoted his time and abilities to the service of this country, on a subject of the highest importance to its welfare and security.

I am far from insinuating that Mr. *Pitt* is entitled to no praise for the measures which have been adopted with respect to the finances
of



of this kingdom. Some useful regulations and improvements have been made in the arrangement of the taxes; the customs have been simplified; the practice of smuggling has been checked; and the revenue, in consequence, has been proportionally increased.

But it will appear from the following Work that there are other parts of his administration which ought not to be regarded in the same favourable light. The public income, which is represented to have been so productive as to exceed the expenditure annually by a million, has constantly proved deficient by a larger sum: No real progress has hitherto been made in extinguishing the debt; and the act which was established for the purpose, after having been rendered weak and ineffectual by injudicious clauses and restrictions, has not been assisted, so far as it might and ought to have been, by the present situation of the public funds—If the national
debt

debt be an evil (and few will deny this to be the case) we ought to avail ourselves of every circumstance which can hasten the extinction of it. But can the measures which are now pursuing be said to have any such tendency?"

—Instead of appropriating the whole surplus of the revenue in future (if there should be any) in quickening the operations of the Sinking Fund, the sum of £150,000 is to be given up from the public income for the sake only of abolishing a few insignificant taxes, and we are to be amused with the vain idea of preventing the further extension of the debt, by imposing laws on posterity without the power of enforcing their execution, or even possessing sufficient virtue to make them the rule of our own conduct.

CHATHAM PLACE,

April 16, 1792.



INTRODUCTION.

THE National Debt of this kingdom has accumulated, by a continued succession of wars and the wicked prodigality of ministers, to an enormous magnitude. When compared with the extent and population of the country, it presents an object altogether new in the annals of mankind; and no considerate person, who is interested in the welfare of the state, can behold it without astonishment and terror.—In the beginning of this century, when the minds of men were not yet familiarized to the pernicious system of perpetuating the public debt, every addition to an evil so big with danger excited alarm; and during the course of 30 or 40 years from this period, although the whole debt did not amount to 50 millions, it was constantly foretold that long before this sum

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should

should be doubled it would inevitably produce a national bankruptcy. Experience, however, has proved these predictions to have been ill founded, and that the debt may be increased to five times 50 millions without exceeding the limits of public credit. In the present circumstances of this nation it may not be easy to determine how near we have approached to these limits. Another war will most probably decide the question: for though the resources of the country, derived from the commercial spirit of its inhabitants, and assisted by the wretched governments of neighbouring states, have hitherto exceeded all expectation, yet certainly they must have their bounds, and therefore cannot always bear to be diminished by a continual accumulation of the public debt without being at length exhausted. If our prosperity be estimated by the price of the funds at this moment, there can be very little reason for lamenting the folly and extravagance of former wars; since the wealth of individuals and the confidence of the public seem to increase in proportion to the burdens of the state. But it is much to be doubted whether
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this be not all a delusion, and proceed not from causes which should rather alarm than courage the nation.—The money which ought to circulate through the extremities of the kingdom is now forced into the Capital to make way for the paper of country bankers. By this means a fictitious coinage of many millions has been created, which, while it maintains its credit, will necessarily produce the same effects as if so much cash were introduced into the kingdom. It is also a very equivocal sign of an increasing commerce, when the money that might be employed to advantage in trade is invested at a low interest in the funds.—It seems rather to imply that our commerce has its bounds, and gives little reason to hope that any additional assistance can be derived from this source in future.—By extending the excise, by levying new taxes, and by collecting the old ones with more severity, the revenue has of late been considerably increased, and the minister has claimed to himself much credit from this augmentation. But it will appear in the course of this work that the expenditure has hitherto uniformly exceeded the income; and

therefore the present circumstances of the nation are so far from proving its ability to increase the debt, that they clearly shew the danger to which it is already exposed, and the extreme folly of those measures which have brought it so near the termination of its resources. Impressed by these or by similar considerations, Mr. *Pitt* has established a plan for redeeming the national debt; and none of the measures which have marked his administration have contributed so much to raise him in the public opinion. But before his merits in this instance can be properly appreciated, it will be necessary to examine how far the nation is indebted to him for the present plan, and to give some account of his conduct in adopting and carrying it into execution.

CHAPTER I.

Review of Dr. PRICE's Writings on the Subject of the National Debt.

OF all the different writers on the subject of the finances of this country none have distinguished themselves more by their zeal and abilities than the late excellent Dr. PRICE. During the last 20 years of his life he employed a great part of his time in warning this nation of the danger to which it was exposed from the continued accumulation of its debts,—in enforcing the necessity of putting them into a regular course of payment,—and in proposing such measures as would be most likely to effect this important purpose.—His labours are universally known and admired, and do not require to be minutely detailed to prove the obligations of the public to him on this subject. But the particular obligations of the Minister are not

perhaps so generally understood, and may render it necessary to give a short account of those labours, in order to determine how far he was justified in assuming to himself the whole merit of a plan, which will appear to be very little indebted to him either for its origin or its formation.

In his Treatise on Annuities and Reversionary Payments, which was published in the year 1769, Dr. PRICE first engaged the public attention on the subject of the national debt. In the third chapter of that work he represented the folly of “ borrowing money “ without end, and of mortgaging and funding for eternity in order to pay the interest “ of it.” Rather than proceed in this destructive way, he recommended the expedient of temporary annuities, in the extinction of which, time would necessarily do that for the country which, if trusted to the conductors of its affairs, might possibly *never* be done. But the measure which he urged most strongly was the establishment of a permanent *Sinking Fund*, by providing a certain annual sum to be applied invariably, together with the interest of all the sums redeemed by it, to the purpose

purpose of discharging the public debt. With a sum of £100,000 annually applied in this manner, he proved that in 93 years above 100 millions might be redeemed. The great advantages which the nation would derive from this regular and easy method of extinguishing its debts he particularly pointed out, and after giving a short history of the sinking fund, which had been established and destroyed by Sir *Robert Walpole*, and expressing his regret and indignation at the wicked policy which had begun and continued the alienation of this fund, he concluded with observing, that if it had been faithfully applied it would have entirely extinguished the debt, which amounted at that time to more than 136 millions.

In the year 1771 Dr. PRICE published his *Appeal on the Subject of the National Debt*, in which he entered more fully into the history of the Sinking Fund, and enforced with additional arguments the advice which he had offered without effect in his treatise on reverfionary payments. The chief design of this valuable pamphlet was to call the attention of the public to the renewal of a mea-

sure which appears, from the addressees of parliament to the King for several years after the accession, to have been considered of the utmost importance to the credit and security of the state. But it might have been supposed from the absurd answers which it provoked at that time, particularly from the ministerial writers, that it had contained some new and dangerous proposition, and that the application of compound interest to the payment of the national debt was an idle invention of the author to amuse and surprize the public. These productions, however, have long been forgotten, and are now mentioned only to shew that, when Dr. PRICE began to write on the subject, every just idea concerning it seems to have been lost, and that he has certainly the merit of having been the first person not only to awaken this country to a proper sense of the evil and the danger of its debts, but to instruct the managers of its affairs in the most sure and expeditious method of extinguishing them.

In the preface to the 3d edition of the treatise on reverfionary payments, which was published in the year 1773, Dr. Price proposed

posed some objections to a plan for paying the national debt, which had then been just announced in the House of Commons by Lord *North*. But it will not be necessary to notice those objections, as the plan itself was never afterwards heard of, and the debts, instead of being reduced by that minister, were increased in consequence of the American war above 120 millions. In the same preface the establishment of a sinking fund was again strongly enforced, and it was recommended to consign it to a particular commission acting under penalties in such a manner as should take it out of the hands of the treasury, and form a check even on the House of Commons itself. A more prudent precaution could not possibly have been suggested, and it is evident that the framers of the bill for redeeming the public debts have profited by this advice.

In the different publications to which I have referred, Dr. *Price* seemed to think the national debt so enormous as to entertain little hopes that this country would ever be able to discharge it. The fatal war with America, which broke out in a few months
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after the above-mentioned preface was written, and which in the first three years of its progress added more to the debt than had been extinguished by a peace of 12 years, rendered the prospect still more discouraging. His zeal however in this cause was not abated. In the year 1777 he published his *Additional Observations on Civil Liberty*, in which an historical analysis was given of the national debts, and the best methods were proposed for conducting public loans in future. The ruinous plan which had hitherto been adopted of increasing the capital in order to borrow money at a low interest was particularly reprobated, and the loan of the following year (probably in consequence of this reprehension) seems to have been made upon terms much more advantageous to the public.

In the beginning of the year 1783 a fourth edition was published of the treatise on reversionary payments, in which, among many other valuable additions, were inserted a brief history of the sinking fund, and an account of the increase of the public debts from 1776 to 1783.—The war with America, France, Spain,

Spain, and Holland, which had brought the kingdom to the brink of a bankruptcy, had now been happily terminated, and the nation was given to understand from the King's speech, that measures of the last importance were in contemplation, particularly the establishment of a Sinking Fund. But the coalition of two opposite parties obliged the Marquis of *Lansdown* to withdraw from power, and entirely defeated those intentions. Dr. *Price* was so much depressed by the overthrow of this administration, from which he had entertained such sanguine hopes, that in the preface to the above edition he expressed his despair of ever seeing an efficient plan established for the reduction of the public debts, and lamented the time and attention which he had bestowed on a subject so hopeless and unprofitable.

In a few months, however, he published an account of the finances of the kingdom at the signing of the peace in January 1783, from which it appeared that above 120 millions had been added to the public debts by the late detestable war, and that the expenditure exceeded the revenue above £1,700,000.

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This pamphlet was written partly with the view of pointing out the measures which Lord *Lansdown* had intended to have adopted towards relieving the nation from the immense burden under which it laboured, and it is much to be lamented that any event should have prevented them from being carried into execution.—The absurd and extravagant method, which had been pursued during the late war, of borrowing money at a low interest had unnecessarily increased the capital of the debt above 25 millions and a half. In order therefore to avoid this shameful waste of the public money with respect to the debts which still remained unfunded, such plans were given in this tract for conducting future loans as would not only have rendered it impossible that the capital should ever exceed the sum advanced, but would also have promoted the means of gradually redeeming the debt itself.—By receiving from the public creditors a certain sum for having their stock in the *three per cents.* converted into a stock bearing *four per cent.* interest, it appeared that ten millions might have been borrowed that year without increasing the capital more than

than £9,625,000; and that the remaining unfunded debt, amounting to 28 millions, might in the course of the following years have been paid off in this manner with an addition of only 24 millions to the capital, which is four millions less than the sum borrowed.—By proceeding in like manner with respect to the stock already funded in the *three per cents.* the whole of them might have been converted in a few years into *four per cents.* and at the same time a capital of 34 millions cancelled. It is further observed that these operations would have been attended with no expence to the public; that with a million surplus 133 millions would by this means have been rendered redeemable in the time in which otherwise only 100 millions could have been redeemed; and that in 50 years, with such a surplus and by pursuing this plan, the whole national debt might have been extinguished.

The different statements of the public income and expenditure which had been given in this tract, and in the eleventh report of the commissioners of accounts, induced Dr. Price
in

in March 1784 to publish a *Postscript* to it, in which this seeming difference was reconciled.—A further account was also inserted of the produce of the annual taxes and of the expences of the peace establishment, from which it appeared that, notwithstanding the taxes imposed in 1783, there was at that time a deficiency in the public revenue of nearly one million. This statement was added principally with the view of rectifying two opposite errors which Lord *Stair* and Mr. *Sinclair* seemed to have committed,—the one making this deficiency amount to three millions and a half, while the other maintained that there was a real surplus in the revenue of more than two millions and a quarter.—Dr. *Price* concluded this *Postscript*, which was the last work he ever published on the subject, with enforcing the necessity of expediting the redemption of the public debt by increasing the taxes; and if these should prove insufficient, by supplying the defect by annual loans. In short, he considered this debt as an evil so big with danger to the credit, the commerce, and the interest
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of this country, that he thought every exertion should be employed to discharge it; and under this conviction, though generally with little hope of success, he lost no opportunity of repeating his admonitions and advice.

CHAPTER II.

An Account of three different Plans for redeeming the National Debt, which were formed by Dr. PRICE in the Year 1786, and communicated by him at that time to Mr. PITT.

THE measures which had been recommended in the King's speech during the administration of Lord *Lansdown* were too little regarded by his immediate successors. The same destructive plan of borrowing money was adopted in the beginning of the year 1784 which had been invariably pursued for the ten preceding years, and a needless addition was made to the capital of the public debt of near five millions more than the sum advanced.—When Mr. *Pitt* returned to power, the loans, which were still necessary to discharge

charge the expences of the late wars, were conducted upon better principles. The plan of borrowing at a high rate of interest, which had so often been recommended by Dr. Price as the best means of facilitating the redemption of the debt, was now adopted, and almost the whole of the navy, victualling, and ordnance arrears were funded in a stock bearing an interest of *five per cent*. In the year 1786 this improvement in the method of borrowing was succeeded by others of greater importance. The public accounts were thrown into new order; the former divisions of the taxes into four heads under the names of the *Aggregate*, the *South Sea*, the *General*, and the *Sinking Funds*, were abolished, and all included in one fund called the *Consolidated Fund*. The surplus remaining, after deducting from the whole of the taxes thus consolidated, all the expences of the public debts and the civil list, correspond with what was formerly called the *Sinking Fund*. Out of this surplus a million annually is appointed by parliament to be applied to the gradual discharge of the public debt; and it is only

what remains of it after this deduction that is disposable by parliament for the expences of the peace establishment. This is undoubtedly a very important measure, and entitles the Minister to just praise. But it will be readily seen, from the short review which I have given of Dr. *Price's* writings, to whom the nation is indebted for the first idea of this measure, and of the method in which it is carried into execution. Had Mr. *Pitt* therefore derived his information only from those writings, his obligations to them would have been sufficiently manifest to have created a doubt, whether the hope which he expressed in the House of Commons of having "his name inscribed on a pillar to public credit as its preserver and restorer," ought not also to have included the name of Dr. *Price*. But the following account will prove that the Minister's obligations extended still further, and that the column which he wished to appropriate to himself on this occasion would have displayed his *ambition* as much at least as either his *merit* or his *gratitude*.

On

On the 8th of January 1786 Dr. *Price* received a letter from Mr. *Pitt*, of which the following is an extract :

“ Dear Sir,

“ The subject of the papers which I enclose will, I am sure, be an apology for the liberty I take in troubling you, and in requesting your opinion upon them. When you have had sufficient leisure to consider them, I should be greatly obliged to you, if you will allow me to hope for the pleasure of seeing you at any time that is convenient to you.—The situation of the revenue certainly makes this the time to establish an effectual Sinking Fund. The general idea of converting the *three per cents.* into a fund bearing a higher rate of interest, with a view to facilitate redemption, you have on many occasions suggested, and particularly in the papers you were so good to send me last year. The rise of the stocks has made a material change since that period, and I am inclined to think something like the plan I now send you, may be more adapted to the present cir-

“ circumstances. There may be, I believe,
 “ some inaccuracies in the calculations, but
 “ not such as to be very material. Before I
 “ form any decisive opinion I wish to learn
 “ your sentiments upon it; and shall think
 “ myself obliged to you for any improvement
 “ you can suggest, if you think the princi-
 “ ple a right one; or for any other proposal
 “ which from your knowledge of the sub-
 “ ject you may think preferable.”

By the plan inclosed in this letter, which
 Mr. Pitt intended to have established for re-
 ducing the national debt, it was proposed that
 107 $\frac{1}{2}$ millions of the *three per cents.* should
 be converted into 74 $\frac{1}{2}$ millions nearly of *five*
per cents. by changing each £100 stock in
 the former, which bore an interest of £3, in-
 to a capital of £69 : 10s. in the latter, bear-
 ing an interest of £3 : 9s : 6d. This would
 have produced an additional expence of
 £510,000 *per annum* nearly, which was to
 have been deducted from the million surplus
 intended to be annually applied for the pur-
 pose of redemption; and the remaining sum
 of £490,000 was to have been employed in
 dis-

discharging the principal of this *five per cent.* stock.

The whole of this plan seems to be founded on a principle which Dr. Price had often publicly enforced, and which he appears to have repeated in his private communications to Mr. Pitt. But surely no principle could be more grossly misapplied. If a judgment were to be formed of the efficacy of a conversion of stock in redeeming the public debts from its feeble operation in the present instance, it might well be concluded, that instead of quickening, it retarded the progress of redemption: for a million annually applied in this manner would not have discharged the $74\frac{1}{2}$ millions of *five per cent.* stock in less than 44 years, or in a shorter period than it would have discharged $107\frac{1}{2}$ millions of the *three per cents.* at 90. In the year 1786 the *three per cents.* were between 69 and 70, and therefore had this scheme been carried into execution, it would have been attended with the same disadvantage to the public as if 20 *per cent.* had been then paid on the principal, more than the market price. In delivering his opinion of this

scheme Dr. *Price* very strongly urged his objections to it, and Mr. *Pitt* appears from the following letter to be impressed by his arguments.

Holwood Hill, Jan. 15, 1786.

“ Dear Sir,

“ I am much obliged to you for the ob-
 “ servations you have been so good to send
 “ me on the papers I troubled you with.
 “ They appear to me on the whole very
 “ convincing. I shall think myself much
 “ much obliged to you, if you would do me
 “ the honor to call any morning after Tues-
 “ day next in Downing-street, when you
 “ have done with the papers. And if it
 “ should be in your power to let me know
 “ the day before, and to fix an early hour, I
 “ can be certain of being at leisure. The
 “ reason of my making this request is, that
 “ I think some points may occur which may
 “ be better explained in conversation than
 “ by writing, and I am anxious to avail my-
 “ self to the utmost of your assistance, where
 “ it may be so material. I am, dear Sir,
 “ with great truth and esteem,

“ Your most obedient and faithful servant,

“ *W. Pitt.*”

In

In consequence of the interview which Mr. *Pitt* had requested in this letter, he was at length so far convinced of the weakness and insufficiency of his plan as to throw it entirely aside, and Dr. *Price* was induced to communicate to him the three following plans of his own.

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PLAN

P L A N I.

Million *per ann.* Surplus aided by the falling in of the Temporary Annuities, Life Annuities, Expences of Management, and converting sixty millions of the *three per cents.* into *four per cents.* by providing in the first five years £600,000 *per ann.* for paying the difference of Interest.

FUND.	STOCK REDEEMED, 3 per cents. redeemed.
	£. £.
Surplus -	1,000,000 at 75 - 1,333,333
Received in exchange for six millions of <i>three per cents.</i> converted into <i>4 per cents.</i> at 18½ <i>per cent.</i>	1,100,000 at 75 - 1,466,666
Interest of £1,333,333 and £1,466,666	84,000
Expence of management at 562½ <i>per million</i>	1,575
Short Annuity for ten years lapsed; -	25,000
Life Annuities lapsed, at £2000 <i>per ann.</i> -	2,000
Management, on the Short Annuity -	351
Received for 18 millions of <i>three per cents.</i> con- verted into <i>four per cents.</i> at 20 <i>per cent.</i>	(3,600,000) at 78 - 4,615,384
	One

FUND.	STOCK REDEEMED.
	3 per cents. redeemed.
	£. £.
One year from the first payment -	1,112,926 at 78 - 1,426,828
Interest of £4,615,384 and £1,426,828	181,266
Expence of management	3,611
Life Annuities lapsed	2,000
Received for 12 millions of <i>three per cents.</i> converted into <i>four per cents.</i> at 20 per cent.	(2,400,000) at 81 - 2,962,962
Two years from the first payment -	1,299,803 at 81 - 1,604,695
Interest of £2,962,962 and £1,604,695	137,029
Expence of management	2,568
Life Annuities lapsed -	2,000
Received for 12 millions of <i>three per cents.</i> converted into <i>four per cents.</i> at 20 per cent.	4 per cents. redeemed. (2,400,000) at par. 2,400,000
Three years -	1,441,400 1,441,400
Interest of £2,400,000 and £1,441,400 -	153,656
Expence of management	2,160
Life Annuities lapsed -	2,000
Received for 12 millions of <i>three per cents.</i> converted into <i>four per cents.</i> at 20 per cent.	(2,400,000) 2,400,000

FUND.	STOCK REDEEMED.	
	4 per cents. redeemed.	
	£.	£.
Four years -	1,599,216	1,599,216
Interest of £2,400,000		
and £1,599,216 -	159,968	
Expence of management	2,250	
Life Annuities lapsed -	2,000	
Exchequer Annuities lapsed	56,250	
Five years -	1,819,684	1,819,684
Interest of £1,819,684	72,787	
Expence of management	1,023	
Life Annuities lapsed	2,000	
Six years -	1,895,494	1,895,494
Interest of £1,895,494	75,820	
Expence of management	1,066	
Life Annuities lapsed	2,000	
Seven years -	1,974,380	1,974,380
	5 per cents. redeemed at par.	
&c.	&c.	

FREE

FREE REVENUE.		STOCKS REDEEMED.	
In 25 years after the first pay- ment	-	£. 5,190,980	- £. 13,409,869 three per cents. 52,959,990 four per cents. * 19,953,649 five per cents.
Total		£. 86,323,508	

In 30 years after the first pay- ment	-	6,345,566	- 13,409,869 three per cents. 81,128,473 four per cents. 19,953,649 five per cents.
Total		£. 114,491,991	

In 35 years after the first pay- ment	-	7,511,358	- 35,633,625 three per cents. 93,074,916 four per cents. 19,953,649 five per cents.
Total		£. 148,662,190	

In 40 years after the first pay- ment	-	8,731,523	- 75,557,308 three per cents. 93,074,916 four per cents. 19,953,649 five per cents.
Total		£. 188,585,873	

* In this plan 25 millions of stock are paid off in seven years. The *five per cents.* therefore become redeemable at par, and the whole debt in that stock is discharged at the end of 15 years. From that period the payment of the *four per cents.* again commences, and the whole of them is paid off in the 32d year, from which time the *three per cents.* continue to be redeemed at par during the remainder of the term.

PLAN

P L A N II.

Million *per annum* Surplus, aided by the falling in of the Temporary Annuities, Life Annuities, Expence of Management, and £600,000 *per ann.* added to the Million Surplus by new Taxes, or Savings, in the first five Years without Conversions.

FUND.		STOCK REDEEMED.	
		3 per Cents. redeemed.	
	£.		£.
Surplus - - -	1,000,000	at 75	1,333,333
Interest - - -	40,000		
Management - - -	750		
Annuities lapsed - - -	25,000		
Management on those			
Annuities - - -	351		
Life Annuities lapsed - - -	2,000		
One year - - -	1,068,101	at 78	1,369,369
Interest - - -	41,081		
Management - - -	770		
Life Annuities lapsed - - -	2,000		
Additional tax * - - -	60,000		

* The additional taxes have been introduced into this Table a year too late, by which the Fund loses the interest of £600,000 for a year, that is, £24,000; which would have made the free revenue, after 40 years, about £4000 more than it is by this Table, and the total of Stock redeemed in the same time about £100,000 greater.

FUND.

STOCK REDEEMED.

3 per cents. redeemed.

£.		
Two years	- -	1,171,952, at 81 - 1,446,854
Interest	- -	43,405
Management	- -	814
Life Annuities lapsed	- -	2,000
Additional tax	- -	180,000

4 per Cents redeemed.

Three years	- -	1,398,171, at par - 1,398,171
Interest	- -	55,927
Management	- -	786
Life Annuities lapsed	- -	2,000
Additional tax	- -	120,000

Four years	- -	1,576,884 - - 1,576,884
Interest	- -	63,075
Management	- -	887
Life Annuities lapsed	- -	2,000
Exchequer Annuities lapsed	- -	56,250
Additional tax	- -	120,000

Five years	- -	1,819,096 - - 1,819,096
Interest	- -	72,763
Management	- -	1,023
Life Annuities lapsed	- -	2,000
Additional tax	- -	120,000

Six years	- -	2,014,882 - - 2,014,882
Interest	- -	80,595
Management	- -	1,123
Life Annuities lapsed	- -	2,000

Seven

FUND.		STOCK REDEEMED.	
		4 per Cents. redeemed.	
Seven years	- -	2,098,600	- - £. 2,098,600
&c.		&c.	&c.

FREE REVENUE.		STOCKS REDEEMED.	
In 25 years	- £. 5,212,370	- £. 21,258,225	three per cents.
		32,769,418	four per cents.
		* 19,968,691	five per cents.
Total		£. 73,996,334	
In 30 years	- 6,069,709	- 48,983,157	three per cents.
		32,769,418	four per cents.
		19,968,691	five per cents.
Total		£. 101,721,266	
In 35 years	- 7,060,130	- 81,258,874	three per cents.
		32,769,418	four per cents.
		19,968,691	five per cents.
Total		£. 133,996,983	

* At the expiration of 13 years £ 20,780,355 in the *four per cents*, and 4,974,151 Stock in the *three per cents*. are paid off. From this period, therefore, the *five per cents*. become redeemable. These are all discharged the beginning of the 20th year, and in two years more the remainder of the *four per cents*. is redeemed. From the 22d year the *three per cents*. are paid off at par, to the end of the term.

In

(31)

FREE REVENUE.

STOCKS REDEEMED.

£.

£.

In 40 years - 8,206,994 - 118,784,226 three percents.
32,769,418 four per cents.
19,968,691 five per cents.

Total £ 171,522,335

PLAN

P L A N III.

Million *per annum* Surplus, aided only by the falling in of the Temporary Annuities, Life Annuities, and Expences of Management.

FUND.		STOCK REDEEMED.	
		3 per cents. redeemed.	
		£.	£.
Surplus	- -	1,000,000, at 75	- 1,333,333
Interest	- -	40,000	
Management *	- -	750	
Ten Years Annuity			
lapsed	- -	25,000	
Life Annuities lapsed	- -	2,000	
One year	- -	1,067,750, at 78	- 1,368,910
Interest	- -	41,067	
Management	- -	770	
Life Annuities lapsed	- -	2000	
Two years	- -	1,111,587, at 81	- 1,372,329
Interest	- -	41,170	
Management	- -	772	
Life Annuities lapsed	- -	2,000	

* Since these Tables were computed, the expences of management have been reduced to £ 450 per million *per ann.*; but the difference this makes in the results is too inconsiderable to deserve notice.

Three

FUND.

STOCK REDEEMED.

4 per cents. redeemed.

Three years	-	£.	1,155,529, at par	-	£.	1,155,529
Interest	-	-	46,221			
Management	-	-	650			
Life Annuities lapsed	-	-	2,000			

Four years *	-	-	1,204,400	-	-	1,204,400
Interest	-	-	48,176			
Management	-	-	677			
Life Annuities lapsed	-	-	2,000			
Exchequer Annuities lapsed	-	-	56,250			

Five years	-	-	1,311,503	-	-	1,311,503
Interest	-	-	52,460			
Management	-	-	738			
Life Annuities lapsed	-	-	2,000			

Six years	-	-	1,366,701	-	-	1,366,701
Interest	-	-	54,668			
Management	-	-	769			
Life Annuities lapsed	-	-	2,000			

Seven years	-	-	1,424,138	-	-	1,424,138
&c.			&c.			&c.

* All the redemptions in these plans, after the first three years, are supposed to be made at par. Exchequer Annuities, amounting to £80,000, fall to the fund in the 20th year, and £404,832 per ann. (being the 30 years annuity) in the 22d year.

FREE REVENUE.

STOCKS REDEEMED.

In 25 years - £. 3,892,831 - £. 4,074,572 three per cents.
 30,390,243 four per cents.
 18,039,875 five per cents.

Total £. 52,504,690

In 30 years - 4,579,731 - 21,056,177 three per cents.
 34,283,074 four per cents.
 18,039,875 five per cents.

Total £. 73,379,126

In 35 years - 5,330,252 - 45,416,595 three per cents.
 34,283,074 four per cents.
 18,039,875 five per cents.

Total £. 97,739,544

In 40 years - 6,196,104 - 73,747,452 three per cents.
 34,283,074 four per cents.
 18,039,875 five per cents.

Total £. 126,070,401

EXLPA-

EXPLANATIONS and REMARKS.

“ IN the first of these plans the *three per cents.* are supposed at 75, and the difference of price between them and new *four per cents.* supposed to be made *first* redeemable when under *par*, but *irredeemable* when above *par* till 60 millions of other stocks were redeemed, is reckoned at $18\frac{1}{3}$.—The market difference of price between the *present* four per cents. redeemable at pleasure, and the South Sea three per cents. when this plan was formed (the latter being then at 68) was above 20. Was it not reasonable, therefore, to expect that the holders of these annuities would eagerly have taken at $18\frac{1}{3}$ *per cent.* an exchange of them for such new four per cents. as those just described, and therefore much more valuable?”

“ £18 : 6s. : 8d. for every £100 three per cent. stock converted into a four per cent. stock would have produced just £1,100,000 for the conversion of six millions. £20 for

the conversion of every £100 stock would have produced £1,200,000 for the conversion of six millions."

" This conversion was taken in the first plan at 18½ *per cent.* the first year, and only six millions were supposed to be converted, and £1,100,000 then gained for the fund; because the first year was supposed to be a year of experiment only, and therefore more liberal terms were supposed to be offered.—Should the experiment have succeeded, and the difference of price between the three per cents. and the new four per cents. have risen above £20, the former being above 75, a conversion might have been offered the second year, at 20 *per cent.* of 18 millions into four per cents. not redeemable till a larger amount of stocks should have been previously redeemed; and afterwards in the three following years, a third, a fourth, and a fifth conversion, at the same price of twelve millions each year as specified in this plan, the amount of stocks to be previously redeemed to be increased every successive year; in consequence of which the last 12 millions would, without any effect on the efficiency of the plan

plan, have come to be declared the last redeemable of 108 millions."

“ Should the Stocks have risen, as is supposed in these plans, greater sums than these specified would probably have been gained by the proposed conversions, and therefore the results in the first plan increased.—There were advantages, not immediately apparent, which would have been gained by these conversions.—First, the public would have availed itself by them of the want of confidence in a plan of redemption which must more or less have taken place at first. For the less the public confidence had happened to have been, the greater would have been the effect of the regulation proposed in raising the value of the new four per cents. and consequently in gaining money for the fund.”

“ Secondly, it is particularly worth attention that it would have diminished the loss that might have accrued from an interruption of the scheme, should an interruption have happened after £600,000 *per ann.* had been added to a million surplus for carrying on the scheme. Should, for instance, the scheme have been interrupted in the seventh

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year

year of its operation, and after the fund had increased, according to the first Table to £1,974,380 and redeemed 25 millions, and, by the 2d Table, to £2,098,600, but redeemed only eleven millions; the public would have gained, by the measure of conversion, the excess of the interest of 27 millions above 13 millions; and, therefore, the addition of £600,000 *per ann.* to the fund in the first five years (which both the first and second Table suppose) would have been nearly replaced, if the plan in the first Table had been adopted. Two advantages, therefore, would in this way have been obtained.—1st. The advantage of a redemption of fourteen millions more than could have been redeemed by the plan in the 2d Table. And, 2dly, the advantage (should the scheme have ever been resumed) of having had 60 millions of four per cents. to be redeemed by a Sinking Fund, instead of 60 millions of three per cents. and consequently a much more easy and rapid course of redemption.”

“ At the end of the 40 years it is to be observed that the plan in the first Table would have redeemed $188\frac{1}{2}$ millions, and the plan
in

the second Table 171½ millions; but that even in the first *four* years the first plan would have redeemed 19½ millions, whereas the second would have redeemed in the same time only 5½ millions, and but little more than the plan in the third table. This pointed out a farther and a very considerable recommendation of the first plan, and that was, the particular vigour with which it would have operated at its outset, when vigour was most wanted, and would consequently have brought the five per cents. into a course of redemption in six years, which would not have been done by the 2d plan in less than 13 years; nor will it be done by the third (which is now carrying into execution) in less than 16 years."

NOTWITHSTANDING Dr. *Price* enforced these observations to Mr. *Pitt* in favour of the first plan, and urged the vast magnitude of the public debts, and the necessity of as quick a reduction of them as possible—in-

ness of such importance that the whole strength of the nation should be applied to it, and that half measures might ultimately prove more pernicious than no measures; the third and the weakest plan was preferred, and has, in consequence, been established by the legislature.—The chief and indeed the only objection which Mr. *Pitt* seemed to entertain against the two first plans, was the gradual increase which they required by new taxes in the course of five years of the million surplus to a million and a half. This was more than he then chose to undertake. An addition however of £800,000 has been since made to the taxes, and had this been done in the year 1786 with a view to the execution of the scheme, the nation might by this time have been encouraged by seeing a *real* and considerable diminution of its debts, and a proof would have been given that it was at least *possible* completely to deliver the kingdom from the dangers with which they threatened it. But Mr. *Pitt* did not think it expedient to distinguish his administration by measures so strong and effectual. He adopted the weakest plan, which he has rendered still weaker

weaker by checking its operations at the moment when it will be making the quickest progress towards the discharge of the public debt.

From the inspection of this plan it appears that, with the aid of the temporary annuities, the appropriated million will in 26 years increase to four millions *per ann.* and redeem above 56 millions of stock, and that in 40 years it will increase to more than six millions *per ann.* and redeem 126 millions of stock.—But it is directed by a clause in the Act of Parliament which has established this plan, that the accumulation of the fund shall be limited to four millions a year, and consequently that the operation of compound interest shall be changed into that of simple interest just at the time when it would have redeemed a greater portion of the debt in the next 14 years than it had done in the 26 preceding years.

By another clause in this act, it is also directed, that whenever, in a time of war or other particular emergency, the nation is put to extraordinary expences, the produce of the Sinking Fund shall be taken as far as that will go towards bearing those expences, provided

vided a new tax is laid that shall produce an annual sum equal to the interest of that part of the public debt which would have been redeemed had that sum not been taken from the fund. By this clause a still greater injury will be done to the plan than by the former. For in times of war and extraordinary expence the great difficulty in finding money consists in finding taxes for paying the interest, and the event will probably be, that the produce of the fund being ready for seizure will be taken from it, and the new tax be either not brought in without delay as it ought, or prove unequal to the interest of of the sum which has been alienated.

It may not be improper to observe that the present plan supposes the *four per cents.* to be bought at *par* from the end of the third to the beginning of the 16th year, or that the money appropriated for redemption is improved during that term at *4 per cent.*; and that the *five per cents.* are bought at *par* for the next 8 years. The price of Stock in the 4th and 5th years admitted of the *four per cents.* being bought considerably under *par*. But the purchases have been uniformly made in the *three per cents.* with the view probably of quickening

quicken the time in which the *five per cents.* shall become redeemable. Consequently the plan has hitherto effected less than is stated in the Table, and were the purchases to be continued in the *three per cents.* at the price which they now bear (or 96), the appropriated million and its present increase would not in the course of the next 20 years discharge as much debt as is there stated by four millions and a half. The addition therefore which the Minister proposes to make to the million surplus ought by no means to be considered as so much addition to the sum originally proposed. It is necessary to increase the million to £.1,165,000, even to make up the deficiency which is produced by improving money at $3\frac{1}{2}$ *per cent.* instead of improving it, as the plan supposes, at four and five *per cent.*, and were the million to be increased to £.1,200,000, the amount of the principal discharged in the course of the next twenty years, would not exceed what is stated in the table by as much as one million. Admitting, therefore, that by the reduction of the *four per cents.* or by a *real* surplus in the Revenue, the sum of

£.200,000

£.200,000 may be fairly added to the million already appropriated for the discharge of the national debt, I see no great matter for triumph in such an addition. Its operations are altogether inconsiderable, and the whole plan is still weak and ineffectual. Compared, however, with what Mr. *Pitt* at first intended to have established, it deserves respect, and though enfeebled and mutilated by his alterations, it has done so much good, that we have only to regret that the other more powerful and efficient plan which had been so strongly recommended by Dr. *Price*, was not adopted.

From the origin of this business to its completion it is evident that the public has been much indebted to the labours and abilities of Dr. *Price*; and had the Minister acknowledged the obligation, it would by no means have lessened his own dignity. The advice and the instruction which he received were communicated by a person who looked down upon places and pensions, who sought no honours, who felt no higher gratification than in the consciousness of having promoted the welfare and happiness of his fellow-citizens.

zens. It may, perhaps, be generally understood, that in the execution of any measure, the Minister is to avail himself of all the information which he can obtain without being under the necessity of particularly pointing out the source from which he has derived his knowledge. But I am far from acceding to the justice of this position. When an individual, however humble and obscure, has essentially served his country, he is entitled to its gratitude, and it is fit that the public should be informed of his services. Is the honour of every useful measure to be ascribed to the Minister, merely because he adopts it as his own? Or, is the nation to proceed on the selfish principle, that provided the State is benefited, it behoves it not to look further than the *immediate* instrument by which those benefits are communicated? On no occasion can such a conduct be justified. In the present instance it is particularly improper. When Mr. *Pitt* applied to Dr. *Price* for instruction, he should have recollected that he was applying to one of the first characters in the kingdom, and that by declaring the source of his information, the
measure

measure he meant to adopt would have received that sanction from the public which the united abilities and even the influence of the Treasury could not procure it. An honourable mention of his services was indeed the only boon which the friends of Dr. *Price* desired. But in this humble expectation they were not gratified : and, besides the cold silence of the Minister, they had even to complain of the unjust abuse of the Treasury-writers, at the very time their employers were profiting by his advice, and carrying his plans into execution *. To this class of writers, however, very little attention is due. Their works are designed only to answer the purposes of the moment, and will be remem-

* See particularly a treatise entitled, " An Estimate of the Comparative Strength of Great Britain during the present and four preceding reigns, &c." by Mr. *George Chalmers* ; in which, among other passages equally absurd, and injurious to Dr. *Price*, is the following :—" The " Doctor published, in 1783, remarks on these tracts of " Messrs. *Wales* and *Howlett*, and, with his usual acuteness he detected some mistakes, but with his accustomed " pertinacity, he adheres to his former opinion." (Page 173.) Very pertinacious, indeed, to prove his adversaries to be wrong, and still to persevere in his own opinion !!

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bered just as long as the Minister keeps his place, or finds it his interest to encourage the opinions they maintain.

In all his writings Dr. *Price* has scorned to flatter the prejudices of the public. He has pursued his enquiries with candour, and given the result of them, however ungrateful or unpopular, with manliness and sincerity. In regard to the national debt, he has been more especially free in declaring his sentiments ; and after distinguishing himself on the subject, in spite of opposition and calumny, for more than twenty years, he at length enjoyed the satisfaction of seeing the kingdom awakened to a sense of its danger. In this favourable moment he was consulted by the Minister, and formed the three plans which have been given in the preceding pages. From these, which are certainly a valuable addition to his other writings on the subject, the public will be enabled to compare what *has been done* towards redeeming the national debt with what *might have been done*, and a future Minister may possibly be led to improve the present scheme, which is so limited in its operations, that supposing it

it to go on without interruption during the whole time of its continuance, or about twenty-six years, it will be found to have redeemed less stock than was funded by Lord North for paying the expences incurred only in *three* years of the American war.

CHAPTER III.

A Comparison of the public Income and Expenditure from the Establishment of the Plan for redeeming the National Debt to the Year 1791.

WHEN the different schemes were proposed in the year 1786 for redeeming the national debt, the revenue, in consequence of Mr. Pitt's regulations and improvements, was represented to be in such a flourishing state as to leave no doubt of its yielding a million surplus in that and the following years.—But subsequent experience has shewn that even with the aid of extraordinary receipts to the amount of some millions no such surplus has ever existed.—The anticipation of the sinking fund, the gleanings of arrears in the dif-

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ferent

ferent receivers hands, the rigorous exaction of the taxes, the extension of the excise, the abominable expedient of annual lotteries, and all other efforts to increase the revenue have proved insufficient, and it has been found necessary to have recourse to new loans to provide for the public expenditure. But the *apparent* reduction of the debt has been carried on, and the nation, without enquiring into the means, hath easily satisfied itself with the belief of its growing prosperity. I am sensible that it is an ungrateful task to expose a delusion which is so agreeable to the feelings of the public and so well fitted to raise the reputation of the Minister. But as I can perceive no merit in flattering the mistakes and prejudices of the one, and am very little solicitous about promoting the popularity of the other, I shall endeavour to give an accurate account of the income and expenditure during the five years immediately succeeding the establishment of the plan for reducing the national debt, in order that a proper idea may be formed of the real state of this country.

I have already observed that Mr. *Pitt* at
the

the time of establishing the above plan did not chuse, on Dr. *Price's* suggestion, to increase the taxes with the view of securing a surplus, and one of his principal reasons was founded on the conviction that he should be able to render the revenue so productive as to make any addition unnecessary. From the confidence with which Mr. *Pitt* expressed himself on this occasion, Dr. *Price's* doubts were in some measure removed, and like the rest of the nation (though perhaps with a smaller portion of faith) he trusted to the predictions of the Minister. Events however soon determined him to resume his former opinion, and it was his intention to have supported it, by inserting in the last edition of his *Treatise on Reversionary Payments* an accurate statement of the public accounts from the time in which the Act was passed for redeeming the national debts to the beginning of the last year.—But he died before he had fulfilled his intentions, and has left behind him only a few detached observations on the subject. In his examination of the accounts for the year 1786, he appears to make the deficiency in the income to exceed two mil-

lions, and for the year 1787 to exceed one million.—From these results he is naturally led to express his astonishment at the report of the Select Committee in 1786, which gave in that year an apparent surplus of a million, not founded on any actual produce of the revenue, but on estimates of its *future* produce, and on the supposition of an expenditure two millions less than the actual expenditure. In regard to the years 1788 and 1789 (which unfortunately were the last years he lived to examine) he has made the following statements and remarks.

“ Produce of the Sinking or Consolidated
 “ Fund, according to the State of the Re-
 “ venue for two Years before April 5, 1789.

“ Income from all the old taxes	£.
“ (land and malt excepted) be-	
“ ing the average of two years	
“ to April 5, 1789,	12,997,728
“ New taxes imposed in 1789,	
“ after deducting £56,000 for	
“ the shop-tax repealed	56,000
“ <i>Whole income</i> , exclusive of	
“ land and malt-tax	13,053,728
“ Deduct the appropriated re-	
“ venue, consisting of	£.
“ Civil List	900,000
“ Annual charge of the pub-	
“ lic debts including the	
“ Short Annuity of 1789	
“ and the Tontine	9,335,769
	“ Interest

	£.	£.
" Interest of Exchequer bills		
" on the credit of the		
" land and malt taxes	103,000	
" Charges on Aggregate Fund	64,600	
" Appropriated duties -	66,538	
" Interest of £5,500,000 Ex-		
" chequer Bills, -	155,000	
		10,624,907
" Remains for the Sinking Fund,		2,428,821

" To this sum must be added the casual receipts from *arrears* of land taxes, imprest monies, &c. which are very different in different years, but cannot, one year with another, be reckoned at more than will make the annual income of the Consolidated Fund £2,550,000."

" STATEMENT of the Sum applicable to the
 " Expences of the Peace Establishment
 " according to the State of the Revenue
 " for two Years before April 5, 1789,

" Annual produce, as just stated, of all the	£.
" perpetual taxes, - - -	13,053,728
" Land and Malt taxes, after deducting	
" £90,000 for the militia, and supposing	
" their nett produce £2,600,000 <i>per ann.</i> ;	
" but the average for three years to Ja-	
" nuary 1789 has been only £2,533,330,	2,510,000

" Whole receipt,	15,563,728
£ 3	Deduct

“ Deduct the appropriated revenue £.
 “ (£ 10,624,907) and million surplus 11,624,907

“ Remains the sum applicable to the
 “ Peace Establishment £ 3,938,821

“ The expences of the Peace Establishment
 “ in the last three years have exceeded this
 “ sum more than a million and a half an-
 “ nually, reckoning the yearly increase of the
 “ navy debt at £ 300,000; and, therefore,
 “ had it not been for a loan, for Navy Debt
 “ contracted, and extraordinary receipts from
 “ Lotteries, India Company, Army Savings,
 “ Imprest Monies, &c. there must have been
 “ a deficiency to this amount in the public
 “ receipts. And it appears, therefore, that
 “ in order to equalize the ordinary Receipts
 “ and Expenditure, it is necessary either to
 “ increase the former or reduce the latter a
 “ million and a half *per ann.* The extraor-
 “ dinary receipts just mentioned have occa-
 “ sioned a *nominal* surplus. That there has
 “ not been a *real* surplus will appear from
 “ the following account :

“ COM-

“ COMPARISON of the Debts *redeemed* with
 “ the Debts *contracted* from the Com-
 “ mencement of the Year 1786 (when the
 “ Sinking Fund was established) to the
 “ Year 1789.

“ Borrowed in 1786, by Exchequer bills	£.
“ then first issued, but voted in the pre- “ ceding year, - - -	1,000,000
“ Anticipation of the Lady-day quarter of “ the Sinking Fund in 1786 * -	628,982
“ Increase of navy debt from December 31, “ 1786, when it was £1,608,208, to Dec. “ 31, 1781, when it was £2,216,651, -	608,443
“ Malt and Exchequer bills outstanding “ more in July 1789 than in July 1786, -	204,000
“ Borrowed on a Tontine in 1789, -	1,000,000
“ Borrowed on £14,000 Short Annuity in “ 1789, - - -	192,000
“ Total borrowed	3,633,225
“ Deduct expenditure in redemption for “ three years from Midsummer 1786 “ to Midsummer 1789, -	3,000,000
“ Remains	£633,225

“ Thus it appears that, though there have
 “ been extraordinary Receipts amounting to
 “ more than *three millions* in these three years,

* “ This was borrowing from the Sinking Fund in the same manner as
 “ it would be in 1789, after applying the Midsummer quarter to the cur-
 “ rent expences of the year, to take it for the supplies of the same year at
 “ as much as it would produce in the four subsequent quarters to Mid-
 “ summer 1790.”

“ yet above half a million more has been
 “ borrowed than has been spent in paying
 “ off.”

Such were the conclusions which Dr. *Price* deduced from an impartial examination of the public accounts for four years ; during the whole of which time the nation was led to believe that the Minister, with the surplus of the revenue, was making a rapid progress in discharging the debt. But the proof of these deficiencies does not depend solely on the authority of Dr. *Price*. It is confirmed by the Select Committee who were appointed in 1791 to examine the public accounts for the last five years ; and the substance of their Report is contained in the following Statements.

COMPARISON

COMPARISON of the Public Income with the Expenditure,
during the five Years next preceding the 1st of January
1791, according to the Report of the Select Committee,

In the YEAR 1786.

INCOME.	£.	EXPENDITURE.	£.
Permanent taxes including stamps, excise, customs, and incidents -	11,867,055	Civil list -	898,000
Average of the land and malt tax for the last five years, after deducting the annual average of the militia -	2,475,000	Interest of the public debts 9,010,404 — on Exchequer bills 246,906	
Whole income	14,342,055	Aggregate fund -	67,633
Deficiency	2,321,661	Appropriated duties -	75,626
		For the discharge of the debt -	1,000,000
		Navy -	2,387,526
		Army -	1,825,378
		Ordnance	427,567
		Miscellaneous services -	724,676
		Peace Establishment	5,365,147
	£16,663,716	Whole expenditure	£16,663,716

In the YEAR 1787.

INCOME.	£.	EXPENDITURE.	£.
Permanent taxes -	12,923,134	Civil list -	898,000
Average of land and malt tax after deducting the expence of the militia -	2,475,000	Interest of the public debts 9,277,210 — on Exchequer bills 267,484	
Whole income	15,398,134	Aggregate fund -	82,814
Deficiency	1,112,169	Appropriated duties -	35,551
		For the discharge of the debt -	1,000,000
		Navy -	2,414,607
		Army -	1,908,051
		Ordnance	393,676
		Miscellaneous services -	232,910
		Peace establishment	4,949,254
	£16,510,303	Whole expenditure	£16,510,303

In

In the YEAR 1788.

INCOME.		EXPENDITURE.	
	£.		£.
Permanent taxes -	13,007,642	Civil List -	898,000
Average of land and malt tax, after deducting the expence of the militia -	2,475,000	Interest of the public debts -	9,276,559
		— on Exchequer bills	296,670
Whole income	15,482,642	Aggregate fund -	103,346
Deficiency	1,216,120	Appropriated duties -	39,879
		For the discharge of the debt -	1,000,000
		Navy -	2,189,200
		Army -	1,940,738
		Ordnance	466,207
		Miscellaneous services -	488,173
		Peace establishment	5,084,318
	<u>£16,698,772</u>	Whole expenditure	<u>£16,698,772</u>

In the YEAR 1789.

INCOME.		EXPENDITURE.	
	£.		£.
Permanent taxes -	13,433,068	Civil list -	898,000
Average of land and malt tax, after deducting the expence of the militia -	2,475,000	Interest of the public debts -	9,283,108
		— on Exchequer bills	262,246
Whole income	15,908,068	Aggregate fund -	111,573
Deficiency	1,122,136	Appropriated duties -	46,536
		For the discharge of the debt -	1,000,000
		Navy -	2,276,570
		Army -	1,874,751
		Ordnance	511,444
		Miscellaneous services -	765,976
		Peace establishment	5,428,741
	<u>£17,030,204</u>	Whole expenditure	<u>£17,030,204</u>

In the YEAR 1790.

INCOME.	£.	EXPENDITURE.	£.
Permanent taxes, deducting the 53d week in this year	13,879,000	Civil list	898,000
Average of the land and malt tax, after deducting the expence of the militia	2,475,000	Interest of the public debts	9,339,729
Whole income	16,354,000	on Exchequer bills	225,318
Deficiency	658,597	Aggregate fund	109,385
		Appropriated duties	34,342
		For the discharge of the debt	1,000,000
		Navy, exclusive of the armament	2,381,636
		Army	1,852,850
		Ordnance	509,446
		Miscellaneous services	561,891
		Peace establishment	5,305,823
	<u>£16,912,597</u>	Whole expenditure	<u>£16,912,597</u>

	£.
Deficiency of the revenue in 1786	2,321,661
1787	1,112,169
1788	1,216,130
1789	1,122,136
1790	558,597

Sum of all the deficiencies in five years £6,330,693

These deficiencies, amounting on an average to more than a million and a quarter *per annum*, appear from the report of the Select Committee to have been partly supplied by the following extraordinary receipts, and partly by new loans,

	£.
Respite duties paid by the East India Company	522,500
Arrears of land and malt tax, granted prior to 1786	146,342
Sums remaining in the Exchequer on the 5th of Jan. 1786	1,172,119
	Imprest

Imprest monies, and monies re-	£.
paid - - - - -	820,165
Money repaid on account of an	
advance for foreign secret ser-	
vice - - - - -	34,000
Sale of French prizes - - - - -	3,000
Army savings and Chelsea pen-	
sioners - - - - -	1,091,147
Profit on the annual lottery - - - - -	1,212,692
Sum of all the extraordinary receipts	5,001,965
Borrowed on a tontine in 1789	1,002,140
Borrowed on £14,000 Short	
Annuity in 1789 - - - - -	187,000
Amount of the new loans	1,189,140
Amount of the extraordinary receipts	
and new loans - - - - -	£6,191,105

Hence it is evident that though the extraordinary receipts in these five years have amounted to more than five millions, and have even been assisted by loans of near £1,200,000, they have not been sufficient to supply a million surplus. But the money borrowed on the Tontine and Short Annuity by no means include the whole of the debt which has been incurred since the first establishment of the Consolidated Fund.—The following statement will shew that a variety of other particulars ought to be added to the account.

AMOUNT

*AMOUNT of the Debt incurred by the Public
from the 5th of January 1786 to the 5th of
January 1791.*

	£.
Borrowed in 1786 by Exchequer bills then first issued, but voted in the preceding year	1,000,000
Anticipation of the Lady-day quarter of the Sinking Fund in 1786	628,982
Increase of navy debt on December 31, 1790, compared with the debt on Dec. 31, 1785,	537,950
Arrears of one quarter's dividend on the Temporary Annuities, in consequence of changing the times of payment in 1786 from Christmas and Midsummer to Lady-day and Michaelmas, by which means only <i>three quarters</i> were paid in that year	274,228
Borrowed on a tontine in 1789	1,002,140
Borrowed on 14,000 Short Annuity in 1789	187,000
Total	<u>£3,630,300</u>

In the course of five years the sum of five millions has been appropriated to the payment of the debt, which exceeds the above sum by £1,369,700. But it should be remembered that the expence of the Spanish armament amounted to three millions; and, therefore, the debt contracted from the year 1785 to the year 1791, notwithstanding the extraordinary receipt of five millions, exceeded the

the debt redeemed by more than a million and a half.—In the last year the revenue appears to have been more productive than in any of the preceding years.—Allowing it however even to have supplied the million surplus * after paying the expence of the Russian armament (which is not very probable) the money *borrowed* will still exceed the money *paid*, and no real progress will have been made in diminishing the public debt.—I am aware that the expence of the Spanish armament is represented as only a temporary debt that will be entirely discharged in four years in consequence of the heavy taxes which have been imposed for that purpose.—But admitting this to be true, it does not make that expence to be less a

* I do not know that the appropriation of £400,000 this year (in addition to the million) to the discharge of the debt, is any proof that such a surplus has really arisen from the produce of the taxes. We have seen that in the five preceding years a million has been annually applied to the same purpose, although the expenditure constantly exceeded the revenue by more than this sum. But it is not my design in this work to enter into the accounts of the present year. These may possibly come to be examined in some future time.

debt

debt at present, nor afford any reason, while it continues unpaid, for excluding it from the foregoing account.

It is necessary to observe that all the articles of income and expenditure, in the different statements which I have given, excepting the million borrowed in 1785 and received in 1786, have been taken from the report of the Select Committee, and have only been differently arranged in order that the accounts might be rendered intelligible. No material objection therefore can be well made either to the authenticity of those statements, or to the justice of the conclusions which have been deduced from them. It was reasonable to have expected that in a Report intended for the information of the public, the real surplus or deficiency of each year would have been separately stated, so that it might have been ascertained without difficulty whether the revenue of the country had hitherto been equal to the expenditure. But instead of proceeding in this plain and simple manner, a perplexed mass of estimates is thrown together, and the reader is led to imagine that, like the government
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of a kingdom, the public accounts are involved in so much mystery as to admit of being understood only by Ministers of State.— Happily however for mankind the dawn of general knowledge begins to appear, and it will soon be discovered that the one requires only a little *common sense*, and the other a little *common arithmetic*. It must be allowed indeed that the Committee have in one instance given a comparison of the income and expenditure; but a capital objection arises against this estimate, from its being founded on *prophecy*, and not upon *fact*.— Instead of informing the public what *has* really been the case in past years they have applied to the Clerks of the Treasury for their conjectures of what *will* be the case, and on these conjectures they have predicted a surplus of more than a million. But it does not appear that these committees are inspired with the gift of prophecy; inasmuch as it was foretold by the committee in 1786 that there would be a surplus of £900,000 in the very year, when the revenue proved deficient above two millions and a quarter.— For the present, therefore, experience seems

to

to be a safer guide than prediction, and until the Select Committees have given stronger proofs than they have hitherto done of being able to see into futurity, it will be wiser to ground our faith upon what they have *proved*, than upon what they have *prophefied*.

I cannot conclude these observations without taking notice of a pamphlet lately published under the sanction of the Treasury, and entitled " A brief Examination *into* the " Increase of the Revenue, Commerce, and " Navigation of Great Britain." According to the different statements in this work, it may be inferred that the progress which has been made in redeeming the national debt has been so rapid, that above six millions of it have been already extinguished. If the Spanish Armament, the Anticipation of the Sinking Fund, the Arrears due from the East India Company, and every other article of expence and extraordinary receipt, excepting the Navy Debt and Tontine, be excluded: all this may possibly be true: or in other words, if the whole money that is paid be considered as so much *saved*, and the whole that is borrowed to affect this payment be

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not considered as a *debt*, it may perhaps be allowed that the finances of the nation are in an improving state, and that the Minister has discovered a more expeditious method of discharging the public debts than by the operations of compound interest. But this is not the ordinary mode of balancing accounts, and however well it may be calculated to answer a particular purpose, it must appear to those who have no wish to be deceived, sufficiently absurd and preposterous, without the assistance of argument to expose it. The obvious design of this work is to impress the public with an idea of their great obligations to the Ministry for the wisdom of those measures which have conducted the nation to its present state of prosperity; and in order to enhance this obligation, the year 1783 is selected for the contrast, when a war which had nearly destroyed the resources and credit of the kingdom had just been terminated. I believe there are few instances in which Ministers of State have any claim to the gratitude of a country for promoting its trade and manufactures; but that, on the contrary, they often deserve its severest reprehension for
checking

checking their progress, and even ruining them altogether. If therefore the commerce of this kingdom has increased of late, it has been by the gradual operations of a peace of nine years, and the industrious spirit of the people, not by any encouragement it has received from the present Administration. *Their* claims to gratitude are indeed peculiarly improper, and they ought to blush in assuming to themselves the least merit on this occasion. For, by the imposition of vexatious taxes *, by the extension of the excise †, and by three successive armaments our commerce has been materially obstructed; and consequently the high degree of prosperity to which it is said to have now arrived, has been attained not only without the assistance of Ministry, but even by surmounting the impediments which the operations of government have opposed to its progress.

* Glove-tax, Hat-tax, Shop-tax, &c.

† On Wine, Tobacco, *Cotton Manufactory*, &c.



A P P E N D I X.

IN the second chapter of this work it is observed that, "if the purchases be continued in the *three per cents.* at 96, instead of being made in the *four* and *five per cents.* at par, as the plan supposes, the debt discharged in the next 20 years will fall short of what is stated in that plan by $4\frac{1}{2}$ millions nearly." This may be proved in the following manner :

The free revenue in the month of February last, including the million surplus, was 1,360,000 *l.* This sum, together with its accumulating interest, being annually applied to the purchase of *four per cents.* at par, will redeem 14,393,000 *l.* of that Stock in the course of nine years; at the end of which time the plan, if regularly pursued, supposed the *five per cents.* to become redeemable, though in fact this will not be the case, according to the present mode of proceeding, in less than ten years. — The interest of 14,393,000 *l.* being added to 1,360,000 *l.* will amount to 1,935,720 *l.* which being appropriated to the purchase of *five per cents.* at par, will in eight years redeem 18,484,000 *l.* or a little more than the whole of the debt in that Stock. — The interest of this sum, or 924,200 *l.* being added to 1,935,720 *l.* will give 2,859,920 *l.* for the free revenue at the end of 17 years, which in the remaining three years will redeem 8,927,600 *l.* Stock in the *four per cents.* The debt redeemed

deemed therefore in 20 years will be 23,320,600 *l.* in the *four per cents.* and 18,484,000 *l.* in the *five per cents.*, or 41,804,600 *l.* in the whole. But 1,360,000 *l.* *per annum* improved at $3\frac{1}{8}$ *per cent.* will in 20 years accumulate only to 37,010,000 *l.* which is less than the foregoing sum by 4,800,000 *l.* nearly.—It may possibly be urged that 37,010,000 *l.* in *money* will redeem 38,550,000 *l.* *Stock* in the *three per cents.* at 96, and consequently that the capital of the debt which will be redeemed in the one case will exceed the capital redeemed in the other by no more than $3\frac{1}{4}$ millions. But it is obvious that 100 *l.* *Stock*, either in the *five* or *four per cents.* exceeds the value of 100 *l.* *Stock* in the *three per cents.* by much more than 4 *l.*; or rather, that the public is indebted to the holder of 100 *l.* *Stock* in the former, above what it is indebted to the holder of 100 *l.* *Stock* in the latter, by a much larger sum than 4 *l.*, and therefore that the effect of paying off the *three per cents.* at 96, rather than paying the *four* and *five per cents.* as stated in the plan, will be injurious to the public in a much higher degree than I have represented.

It may also be observed, that the interest of 23,320,600 *l.* in the *four per cents.* and of 18,484,000 *l.* in the *five per cents.* is 1,857,000 *l.*, but that the interest of 38,550,000 *l.* in the *three per cents.* is only 1,156,500. Whence it follows that the free revenue in the former case exceeds the free revenue in the latter by more than 700,000 *l.*

By pursuing the operations to which Dr. Price has had recourse in forming this plan, the result will be found equally unfavourable to the present method of redeeming the public debts. I am apprehensive of becoming tedious,

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by the insertion of long computations, and therefore shall only observe, that if the purchases be made as Dr. Price has supposed, the free revenue in 20 years will be according to his plan 4,052,734*l.* and the Stock redeemed.

£.

34,283,074 in the four per cents.

18,039,875 in the five per cents.

4,074,572 in the three per cents.

£ 56,397,521

But if the purchases be confined to the *three per cents.* at 96, the free revenue will be only 3,293,163*l.* and the Stock redeemed 45,249,785*l.*, or, including 8,200,000*l.* already purchased, 53,449,789*l.* in the whole.—The difference therefore in the free revenue will in this case be 759,571*l.* and in the capital of the Stock redeemed 2,947,732*l.*

The results of these computations appear to be a little different from those which have been given above. This is partly owing to the purchases having hitherto been all made in the *three per cents.* and not as the plan supposed in the *four per cents.* from the end of the second year. The capital of the debt redeemed has been apparently increased by this means, while the free revenue has been diminished.—This circumstance affects the subsequent operations, by rendering the one greater and the other less than they are in the first method of computation, where no regard is had to any purchases which have been made previous to the present time.—But this is a matter of very little consequence, and I shall urge the subject

no further, as it can hardly be supposed that the Minister will chuse to continue purchasing the *three per cents.* without reducing the *four* and *five per cents.*, and applying the greatest part, if not the whole of the interest which shall be taken off, in assisting the operations of the present plan.

Should it be determined to convert the *four per cents.* into *three per cents.* and to allow such an annuity as shall be equivalent to the difference between the present prices of those two Stocks, it will be necessary in this case to offer either an annuity of 1 *l.* for 7 years, or an annuity of 10 *s.* for 16 years. But since the holders of *four per cents.* are entitled at all events to the payment of their Stock at *par*, I do not know that they would accept either of those annuities; and considering the fluctuating nature of this kind of property, there can be very little doubt concerning the choice which it is their interest to make.—With respect to the public, if the annuity of 10 *s.* should be preferred, the capital discharged in the course of 20 years, will not be so much by *one million and a quarter*, as if the annuity of 1 *l.* had been adopted, supposing in both cases that the whole difference between the present and the reduced interest is applied, as soon as it falls in, to the extinction of the debt.

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